

September 30, 2008

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

**Re: In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-122;
In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45**

Dear Ms. Dortch:

Yesterday, AT&T and Verizon met with Amy Bender, Legal Advisor to Chairman Kevin Martin, to discuss the joint AT&T/Verizon proposal to implement a telephone numbers-based universal service contribution methodology. Attending the meeting for the companies were Susanne Guyer, Kathleen Grillo, and Chris Miller of Verizon, Tamara Preiss of Verizon Wireless, and Robert Quinn, Mary Henze, and Cathy Carpino of AT&T.

AT&T and Verizon stated that the Direct Contribution Methodology Proposal will benefit consumers, stabilize the universal service contribution base, and significantly reduce the administrative cost and complexity of universal service contribution for the FCC, USAC, and contributors. We also discussed recent supporting data filed by the two companies. The attached materials formed the basis of the discussion.

Should you have any questions, please feel free to contact either one of us.

Sincerely,

/s/Mary L. Henze
AT&T Services, Inc.

/s/Kathleen Grillo
Verizon

Attachments

cc: Amy Bender

September 11, 2008

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street SW
Washington DC 20554

Re: *In the Matter of Universal Service Contribution Methodology*, WC Docket No. 06-122;
 In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

Yesterday, AT&T and Verizon met with Wireline Competition Bureau staff to present a joint proposal to implement a telephone numbers-based universal service contribution methodology. Attending the meeting for the companies were Kathy Grillo and Chris Miller of Verizon, Tamara Preiss of Verizon Wireless, and Hank Hultquist, Mary Henze, Cathy Carpino, and Mike Tan of AT&T. FCC staff participating were Don Stockdale, Randy Clarke, Jeremy Marcus, and Alex Minard of the Wireline Competition Bureau, James Eisner, Michael Goldstein, Jim Lande, Craig Stroup, and Rodger Woock of the Bureau's Industry Analysis and Technology Division, and Greg Guice, Erica Myers (by telephone), Carol Pomponio, and Cindy Spiers of the Bureau's Telecommunications Access Policy Division.

During the meeting we described the joint AT&T/Verizon proposal, which will benefit consumers, stabilize the universal service contribution base, and significantly reduce the administrative cost and complexity of universal service contribution for the FCC, USAC, and contributors. The attached materials were used in the meeting as a basis for discussion.

Should you have any questions about this letter or the attached, please feel free to contact either one of us.

Sincerely,

/s/ Mary L. Henze
Mary L. Henze
AT&T Services, Inc.

/s/ Kathleen Grillo
Kathleen Grillo
Verizon

Attachments

Cc: (via electronic mail)

Don Stockdale
Randy Clarke
Jeremy Marcus
Alex Minard
James Eisner
Michael Goldstein
Jim Lande
Craig Stroup
Rodger Woock
Greg Guice
Erica Myers
Carol Pomponio
Cindy Spiers

Direct USF Contribution Methodology

The Direct Universal Service Fund (USF) Contribution Methodology based on telephone numbers and real-time payments to the fund would ensure a stable and growing USF base, provide transparency to consumers, distribute the contribution burden fairly among providers, and significantly reduce expenses for the FCC, USAC, and contributors.

The plan involves two distinct steps. First the FCC determines the per-telephone number charge that will be used to calculate contributions. Second, contributors determine how many assessable telephone numbers they have each month, multiply that amount by the per-telephone number charge, and submit that total amount to USAC. These steps are described in more detail in Section III, below.

I. BASIC PRINCIPLES

- A. All entities fitting the definition of a Contributor make real-time contributions to the fund based on their Monthly Count of Assessable Numbers.
- B. This plan will replace the current interstate and international revenues-based methodology used for the FCC's various funds and programs including, but not limited to, the USF.

II. KEY DEFINITIONS

A. *"Contributor"*

A Contributor is an entity that provides an Assessable Number to a Final Consumer of Service.

B. *"Assessable Number"*

An Assessable Number is a North American Numbering Plan (NANP) telephone number that enables a Final Consumer of Service to make or receive calls.

C. *"Final Consumer of Service"*

A Final Consumer of Service is a person or entity that receives an Assessable Number and is not a person or entity that receives a telephone number as an input to services it provides to others.

III. METHODOLOGY AND PROCEDURE

A. *Step 1 – Determining the Per-Telephone Number Charge*

- i. *Fund Size* – Twice each year, on October 1 and April 1, USAC will file with the FCC its federal universal service support mechanisms fund size projections (i.e., projections of demand and administrative expenses).
- ii. *Assessable Base* – The FCC will use aggregate Monthly Count data submitted by Contributors as of November 1 and May 1 to calculate the total number of Assessable Numbers provided to Final Consumers of Service. This total becomes the Assessable Base of telephone numbers.
- iii. *TN Charge Calculation* – The FCC will divide the Fund Size projections by the Assessable Base of telephone numbers (adjusting as necessary to account for trending or other fund requirements) to calculate a per-telephone number charge (TN Charge) to be effective for six months. The FCC shall retain the option of recalculating the TN Charge after three months if necessary.
- iv. *Public Notice* – The FCC will release a Public Notice announcing the new TN Charge no later than December 1 and June 1 to be effective on January 1 and July 1, respectively.

B. *Step 2 – Calculating Contributions*

- i. *Monthly Count* – Each month each Contributor must determine how many of its NANP telephone numbers it has provided to Final Consumers of Service during that month. Each Contributor may adjust for the exceptions listed in Section IV and for uncollectibles. The result becomes its Monthly Count of Assessable Numbers. The methodology used to determine the Monthly Count must be reasonable, consistent from month to month, and fully auditable.
- ii. *Contributions* – Within 30 days from the end of each month each Contributor will pay to USAC an amount equal to its Monthly Count multiplied by the TN Charge. Payments must be accompanied by an FCC Form which will show the number of Assessable Numbers included in the Contributor's Monthly Count, any applicable per-minute calculations, and a certification regarding the submission.

C. *Implementation and Transition*

- i. *Implementation Period* – Contributors shall have 12 months from the effective date of the Order to implement a reasonable, consistent, and fully auditable methodology for determining their Monthly Counts.
- ii. *Transition Period* – Following the Implementation Period, a six-month transition will precede the start of the new system. Assuming an Order effective December 1, 2008,

the Transition Period would commence on December 1, 2009 and proceed as follows:

- Contributors will submit Monthly Counts without payment on February 1, March 1, April 1, and May 1 (counts for the months of December 2009, January 2010, February 2010, and March 2010).
- The FCC will calculate the TN Charge using data submitted as of May 1, 2010 (the first four Monthly Counts) and the Fund Size projection filed by USAC in April 2010.
- The FCC will release a Public Notice on June 1, 2010 announcing the TN Charge effective for the July 1, 2010 through December 30, 2010 contribution cycle.
- Contributors will submit Monthly Counts without payment on June 1, 2010, July 1, 2010, and August 1, 2010 (counts for the months of April 2010, May 2010, and June 2010).
- On September 1, 2010, and every month thereafter, Contributors will submit Monthly Counts AND payments to USAC.
- If necessary, the FCC may recalculate the TN Charge based on April, May, and June 2010 Monthly Count data and issue a PN on September 1 announcing a new TN Charge to take effect for an interim contribution cycle of October 1, 2010 through December 30, 2010.

D. *Other Administrative Procedures*

- i. *Recovery of Contributions* – Contributors are permitted, but not required, to recover their contributions from their Final Consumers of Service. Contributors shall not recover contribution costs from Lifeline subscribers for Lifeline service. A Federal USF line-item charge on the bill of a Final Consumer of Service may not exceed the number of Assessable Numbers provided to that Final Consumer of Service multiplied by the TN Charge.
- ii. *Audits and Record Retention* – Contributors may be subject to compliance audits and must maintain records sufficient to support the Contributor's methodology used to calculate its Monthly Count. Contributors must also maintain records sufficient to support their payments to USAC.

IV. EXCEPTIONS

- A. Numbers provided to Lifeline customers for Lifeline service may be excluded from the Monthly Count.
- B. Numbers used by Contributors to perform internal administrative or operational functions necessary to maintain reasonable quality of service standards may be excluded (47 CFR § 52.15(f)(i)).
- C. Prepaid Wireless Numbers may be excluded from the Monthly Count and assessed on a per-minute-of-usage basis, as proposed by Tracfone, or on some similar methodology.

- D. Non-primary numbers associated with wireless family share calling plans (i.e., a single customer account with multiple numbers that share a single bucket of minutes) are included in the Monthly Count but are assessed at 50% of the TN Charge for a transition period. The primary number associated with these plans is assessed at the full TN charge.

V. CONTRIBUTOR OBLIGATIONS

- A. If an entity is a Contributor as defined in II.A above, it has an independent obligation to contribute to the USF. The contribution obligation of the Contributor is not affected by the commercial relationships it has with other Contributors or whether it obtains telephone numbers directly from the Numbering Database Administrator (currently NeuStar). Failure of a Contributor to fulfill its contribution obligation does not shift its obligation to another entity.
- B. If a Contributor obtains telephone numbers from a source other than the Numbering Database Administrator it must self-identify its Contributor status to the source (e.g., a wholesale carrier) from which it obtains those telephone numbers. Such Contributors must make this self-identification for existing telephone numbers promptly upon the effective date of this contribution system and during the service ordering process for any new telephone numbers obtained after the effective date. If a Contributor fails to self-identify it may be treated as a Final Consumer of Service by the source from which it obtains the telephone numbers with respect to recovery of contributions (see Section III.D.i).
- C. When a Final Consumer of Service ports one or more telephone numbers from one Contributor to another, no self-identification is required by the porting-in Contributor to the porting-out Contributor.

Direct USF Contribution Methodology Highlights of a “Direct” Numbers-Based System

1. Fair and Efficient USF Contributions

The Direct Universal Service Fund (USF) Contribution Methodology would increase the efficiency of the fund by requiring companies to make real-time payments to the fund based on telephone numbers. The FCC would first determine the per-telephone number charge that will be used to calculate companies’ contributions. Then, contributors would determine how many assessable telephone numbers they have each month, multiply that amount by the per-telephone number charge, and submit that total amount to USAC. This will streamline the universal service contribution process and significantly reduce expenses for the FCC, USAC, and contributors.

This plan would base universal service assessments on telephone numbers rather than interstate or international telecommunications revenues. A company would contribute to the fund monthly based on how many assessable telephone numbers it provides to customers. This plan defines an Assessable Number as “a North American Numbering Plan (NANP) telephone number that enables a Final Consumer of Service to make or receive calls.” A Final Consumer of Service is defined as “a person or entity that receives an Assessable Number and is not a person or entity that receives a telephone number as an input to services it provides to others.” The plan exempts Lifeline services from the telephone number charge and provides for other limited exceptions.

2. Numbers-based Contributions for Today’s Technologies

The current contribution methodology is outdated. It was designed for a world where phone companies offered customers separate local and long distance telephone plans and not much else. Today, consumers increasingly choose “all distance” bundled offerings from a variety of providers, which often include video, voice, and data for one price. To report revenues to USAC, providers must distinguish “interstate” revenues from “intrastate” revenues and “telecommunications services” from “information services.” New and advanced services like IP and broadband make these distinctions more complex and increase the incentives for companies to “cheat” on their contributions. Thus, companies that compete with each other for the same customers pay into the fund in different ways, skewing the competitive landscape.

As a consequence of these market changes, the contribution factor (which determines the USF fee customers pay) is failing to keep pace with the growth of the universal service fund. The contribution factor rose from 5.7% in 2000 to 11.4% in the third quarter of 2008, and will likely rise again in the future. A numbers-based system, by contrast, will result in a more stable customer USF charge that will not vary as much or as frequently. It will stabilize the universal service fund by capturing all providers of voice services regardless of the technology. It will more equitably distribute the cost of

universal service among customers and take into account the technologies that people actually use. And finally, it will eliminate the need to distinguish among different types of revenues, which is increasingly difficult as the industry evolves.

3. Consumers Benefit from Stable Numbers-Based System

A numbers-based system will produce a more stable and more predictable USF fee that is easier for consumers to understand. The current system results in shifts in the contribution factor nearly every quarter. The vast majority of consumers have no idea what causes these changes and why their bills increase or decrease.

Today, consumers pay USF charges based on a percent of their subscriber line charge and their long distance usage. In some months, consumers may have little or no long distance usage and will see a lower universal service fee. At other times, consumers may make an increased number of long distance calls (for example, if there is a family emergency or during the holiday season), which causes the universal service charge to be higher. Most consumers have no idea why they have large USF fees some months and smaller ones in other months. Under this plan, consumers will know that they pay a flat fee every month based on how many telephone numbers they have. That flat fee will change only twice a year and it will not vary dramatically. We estimate that the per-telephone number charge will be between \$1.00 and \$1.10 per number under this plan, but the exact charge will depend on how the FCC structures the new contribution system and how many numbers are exempted from the assessable base.

4. Residential Consumers Pay Smaller Share of USF

The plan would shift the majority of the responsibility for universal service contributions from residential customers to business customers. Under the current revenues-based system, residential consumers contribute about 50% of the fund. Under this proposal, residential consumers' share will decrease to about 46% of the fund. That means residential consumers in the aggregate will pay less in universal service fees under this plan than they do today.

5. Businesses Pay Larger Share of USF

Under this plan, business customers' share of the contributions to the universal service fund will increase. Under today's system, business customers pay about half of the contributions to the fund (about 50%). Under this proposal, that share increases to about 54% of contributions to the fund. That means in the aggregate, business customers will pay a greater share of the universal service fund than they do today.

6. Lifeline Consumers Exempt

Lifeline customers will be better off under this plan than under today's system. This proposal exempts telephone numbers provided to Lifeline customers for Lifeline services; thus, residential consumers that are enrolled in the FCC's Lifeline program

would not pay any universal service fee. Today, Lifeline customers do not pay universal service on the federal subscriber line charge (also known as the SLC), but they pay universal service fees on their interstate and international long distance calls, just like any other residential customer.

Many consumers on a limited budget, but not enrolled in the federal Lifeline program, may also fare better under this numbers-based system. Low income customers are not necessarily low volume customers; low income consumers may indeed make a lot of long distance calls, particularly if they make calls internationally or they do not subscribe to wireless service. Or, low income consumers may make a lot of long distance calls in particular months or during certain times of year. Additionally, under today's revenue method even if a consumer makes no long distance calls in a month, he or she will still be assessed a federal universal service fee based on the customer's SLC, which can be as high as \$6.50/month. Assuming the consumer's SLC is \$6.50, that customer will pay \$0.74 (applying the current contribution factor of 11.4%) even though he or she has made no long distance calls. For these reasons, we expect that many wireline residential customers will see their universal services fees decrease under this plan.

7. Toll-free Numbers

8YY numbers, as well as 5YY and 9YY numbers, will generally be assessed the same way as other numbers.

8. Wireless Family Plan Transition

Wireless family plans make wireless service more affordable and more accessible to families by offering additional "shared" lines at lower prices. Family plan numbers operate as part of a single customer account, sharing a single "bucket" of minutes. This proposal provides a transitional discount for non-primary numbers associated with wireless family plans; these numbers will be included in a contributor's monthly count but will be assessed at 50% of the per-telephone number charge for some period of time. The primary number associated with these family plans will be assessed at the full per-number charge.

This proposed transition recognizes that the shared allocation of monthly minutes means that family plan subscribers limit each other's use of the network. Thus, these numbers should not be assessed the same as other numbers. In addition, because each additional handset is priced low so families can afford them, the current USF charge for those handsets is also low. The proposed transition period helps avoid rate shock for these customers.

9. Broadband Services

Like today's revenues-based system, this plan does not directly assess broadband services. However, like all other services, if a broadband customer subscribes to a VoIP service (for example, an over-the-top VoIP service (like VoiceWing, CallVantage, and

Vonage) or a fixed VoIP service offered by a broadband provider), that number is an Assessable Number and the company that provides the number to the Final Consumer of Service would contribute to the fund on it.

10. Voice Over IP (VoIP) Providers

Under this plan, a VoIP provider will contribute directly to the universal service fund on an Assessable Number that the VoIP provider gives to a Final Consumer of Service, just like any other voice provider.

11. Special Access Services

This plan will not assess interstate revenues from any service, including special access services. This does not mean, however, that carriers offering special access services would not contribute to the fund. Like broadband services, if a carrier sells a service that uses telephone numbers and its customer provisions that service over a special access circuit, those telephone numbers will be assessed under this plan.

12. Universal Service Fund Administration

This proposal will streamline and greatly improve administration of the fund. Administrative costs of the program should decrease significantly since the plan will eliminate Forms 499, invoices, and other paperwork. It will limit the amount of time and resources that USAC dedicates to overseeing the program and will streamline the audit process. It will also reduce the burden on contributors. Under today's system, completing the Form 499-A and Form 499-Q can be arduous, particularly for small providers. This plan eliminates these forms and makes the contribution process easier.

13. USF Contribution Compliance

Under this plan, a provider's compliance obligation will be easier to understand and more clear-cut than under today's system. This will make the auditing process simpler, fairer, and much more effective. Auditors will look primarily at two things: (1) whether the contributor's methodology for determining its monthly count of assessable numbers is reasonable and consistent; and (2) whether the contributor followed its process and paid the right amount into the fund. In contrast, audits of a contributor's revenues under the current system are complex. These audits require a detailed analysis of the revenue lines on the eight-page Form 499-A revenue reporting form that contributors fill out using instructions that are more than 35 single-spaced pages long. That is because, under the current system, like contributors, auditors must also perform complicated analyses to determine whether revenues are from "interstate" versus "intrastate" and "telecommunications" versus "information" services. This makes the audit process very complex and inexact. A simpler auditing process will enable USAC to use its audit resources more efficiently and effectively.

**Federal Communications Commission**

The FCC Acknowledges Receipt of Comments From ...
AT&T and Verizon
...and Thank You for Your Comments

Your Confirmation Number is: '2008911226344 '

Date Received: Sep 11 2008

Docket: 06-122

Number of Files Transmitted: 1

DISCLOSURE

This confirmation verifies that ECFS has received and accepted your filing. However, your filing will be rejected by ECFS if it contains macros, passwords, redlining, read-only formatting, a virus or automated links to source documents that is not included with your filing. Filers are encouraged to retrieve and view their filing within 24 hours of receipt of this confirmation. For any problems contact the Help Desk at 202-418-0193.

[Initiate a Submission](#) | [Search ECFS](#) | [Return to ECFS Home Page](#)

FCC Home Page

Search

Commissioners

Bureaus/Offices

Finding Info

updated 12/11/03

**Federal Communications Commission**

The FCC Acknowledges Receipt of Comments From ...
AT&T and Verizon
...and Thank You for Your Comments

Your Confirmation Number is: '2008911296633 '

Date Received: Sep 11 2008

Docket: 96-45

Number of Files Transmitted: 1

DISCLOSURE

This confirmation verifies that ECFS has received and accepted your filing. However, your filing will be rejected by ECFS if it contains macros, passwords, redlining, read-only formatting, a virus or automated links to source documents that is not included with your filing. Filers are encouraged to retrieve and view their filing within 24 hours of receipt of this confirmation. For any problems contact the Help Desk at 202-418-0193.

[Initiate a Submission](#) | [Search ECFS](#) | [Return to ECFS Home Page](#)

FCC Home Page

Search

Commissioners

Bureaus/Offices

Finding Info

updated 12/11/03

September 23, 2008

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

***Re: In the Matter of Universal Service Contribution Methodology,
WC Docket No. 06-122; In the Matter of Federal-State Joint Board
on Universal Service, CC Docket No. 96-45***

Dear Ms. Dortch,

Yesterday, AT&T and Verizon met with Wireline Competition Bureau staff to review the supporting data analysis for the Direct USF Contribution Methodology Plan filed jointly on September 11, 2008. Attending the meeting for the companies were Kathleen Grillo, Chris Miller, and Catherine Palcic of Verizon and Hank Hultquist, Joel Lubin, Mary Henze, Cathy Carpino, Saikat Sen, and Mike Tan of AT&T. FCC staff participating were Jeremy Marcus, Rodger Woock, Erica Myers, Carol Pomponio, Cindy Spiers, Craig Stroup, Michael Goldstein, James Eisner, Jim Lande, and Greg Guice.

During the meeting the companies reviewed the supporting data analysis for the Plan, including Consumer vs. Business Share of USF, Estimated Per-Telephone Number Charge, and an illustrative Estimated Consumer Impact. The parties noted that the analysis had been updated since the September 10th meeting and that the Consumer vs. Business Share percentages had changed slightly as a result. All material used during the meeting is attached.

Should you have any questions about this letter or the attached, please feel free to contact either one of us.

Sincerely,

/s/ Mary L. Henze
Mary L. Henze
AT&T Services, Inc.

/s/ Kathleen Grillo
Kathleen Grillo
Verizon

Attachment

Cc: Jeremy Marcus
Rodger Woock
Erica Myers
Carol Pomponio
Cindy Spiers
Craig Stroup
Michael Goldstein
James Eisner
Jim Lande
Greg Guice

Direct USF Contribution Methodology

Supporting Data Analysis

Table 1	Consumer vs. Business Share of USF: Revenues-based System <i>This analysis uses historical end-user interstate and international revenue data and various industry sources in order to allocate current contributions between consumer and business customers under today's revenue-based system. This analysis concludes that under today's revenues-based system, consumers pay approximately 48% of the total Universal Service fund.</i>
Table 2	Consumer vs. Business Share of USF: Direct USF Contribution Methodology <i>This analysis uses NRUF reported "assigned" telephone numbers as a surrogate for "Assessable Numbers" under the Plan and relies upon various industry sources to estimate the impact of the adjustments proposed by the Plan. This analysis concludes that under the Direct USF Contribution Methodology Plan, consumers would pay a smaller percentage of the USF than they do today. According to this analysis, consumers would pay approximately 42% of the total Universal Service fund including the wireless family plan transitional discount and 45% of the total Universal Service plan without the family plan transitional discount.</i>
Table 3	Estimated Per-Telephone Number Charge <i>This analysis uses NRUF "assigned" telephone numbers as a surrogate for "Assessable Numbers" under the Plan and USAC Universal Service Fund Size projections. This analysis estimates that the per telephone number charge under the Direct USF Contribution Methodology Plan would be \$1.07 per month including the wireless family plan transitional discount and \$1.01 per month without the wireless family plan transitional discount.</i>
Table 4	Estimated Consumer Impact: Revenues vs. Numbers <i>This analysis compares USF surcharges for low, medium, and high usage customers of both wireline and wireless services under the current revenues-based system to estimate USF surcharges under the Direct USF Contribution Methodology Plan. This analysis concludes that the majority of consumers would pay less in USF monthly fees under the Direct USF Contribution Methodology Plan than they do today.</i>

Table 1: Consumer vs. Business Share of USF: Revenues-based System

Type of Contributor	2006 Interstate & Int'l. End-user Telecommunications Revenues (\$M) ¹	Percent Allocation ³		Allocated Revenues (\$M)	
		Consumer	Business	Consumer	Business
RBOCs	\$13,481	39.1%	60.9%	\$5,275	\$8,206
Other ILECs	\$2,604	44.4%	55.6%	\$1,156	\$1,448
CAPs/CLECs	\$4,115	27.7%	72.4%	\$1,138	\$2,977
Other Competitive Local Service Providers	\$434	44.4%	55.6%	\$193	\$241
Interconnected VoIP	\$209	83.5%	16.5%	\$175	\$34
Payphone	\$29	0.0%	100.0%	\$0	\$29
Wireless Telephony	\$26,857	76.8%	23.2%	\$20,626	\$6,231
Wireless Data	\$88	46.1%	53.9%	\$41	\$47
Paging/Messaging	\$77	10.0%	90.0%	\$8	\$69
Specialized Mobile Radio Dispatch	\$40	76.8%	23.2%	\$31	\$9
IXCs ²	\$21,351	25.0%	75.0%	\$5,338	\$16,013
Operator Service Providers	\$143	25.0%	75.0%	\$36	\$107
Prepaid Calling Card Providers	\$1,689	100.0%	0.0%	\$1,689	\$0
Satellite Service Providers	\$276	25.0%	75.0%	\$69	\$207
Toll Resellers and Other Toll Carriers	\$7,784	25.0%	75.0%	\$1,946	\$5,838
All Contributors	\$79,177	48%	52%	\$37,718	\$41,459

Notes on Data Sources

1 - Interstate/International Telecommunication Revenues - "Universal Service Monitoring Report" released December, 2007 (Table 1.9)

2 - Includes revenue data for AT&T and the former MCI

3 - RBOCs, ILECs, and CLECs: Allocation derived from composite percentages from Form 499A Reports and the FCC's Local Competition Report (rel. 9/08).

Interconnected VoIP: Allocation was derived from 2007 VoIP Revenues from Ovum's April 2008 Report

Wireless Voice & Data: Allocation was derived from IDC's estimates for 2007 ("U.S. Total and Business Wireless Service Revenues," (Table 3))

Paging: Allocation of 10% Consumer, 90% Business is an estimate.

IXCs/Toll Carriers: Allocation is from "Trends in Telephone Service" Report, released Aug. 2008 (Table 9.3)

Table 2: Consumer vs. Business Share of USF: Direct USF Contribution Methodology

NRUF Filers	Telephone Numbers ¹ (K): Total	Consumer	Business
ILECs ²	294,213	81,812	
CLECs ²	78,825	12,054	
<i>Estimated Data Variance ⁹</i>	(18,652)	0	(18,652)
VoIP ³ (ILECs/CLECs)	<i>(Included in above)</i>	14,200	
Sub-Total: ILECs/CLECs ¹⁰	354,386	108,066	246,320
Cellular/PCS ⁴	260,143	199,009	61,134
Toll-Free Numbers ¹	24,488	0	24,488
Paging ⁵	5,854	585	5,269
Total Assigned Numbers Base	644,871	307,660	337,211
Proposed Adjustments			
Prepaid Wireless adjustment ⁶	(21,306)	(21,306)	0
Wireless family plan adjustment ⁷	(35,021)	(35,021)	0
Lifeline adjustment ⁸	(6,938)	(6,938)	0
Total Adjustment to Base	(63,265)	(63,265)	0
Consumer / Business Allocation (with family plan adjustment)		42%	58%
Consumer / Business Allocation (without family plan adjustment)		45%	55%

Notes:

1 - Source: "Numbering Resource Utilization in the United States NRUF data as of 12/31/07" (Tables 1 and 20)

2 - Allocation of ILEC/CLEC numbers based on allocation of residential lines from Local Telephone Competition: Status as of December 31, 2007 (Table 2).

3 - Source: Yankee Group Forecast of North American Consumer VoIP Market released August 2008

4 - Source: IDC Report, "U.S. Consumer and Business Wireless Subscribers, 2006 - 11" (Table 2)

5 - Allocation of 10% Consumer, 90% Business is an estimate.

6 - This figure represents an estimate of the number-equivalent impact of calculating prepaid wireless contributions on a per-minute of usage basis. (This is estimated to have a dollar impact equivalent to a reduction of 21,306K numbers.)

7 - This figure represents an estimate of the number-equivalent impact of providing a 50% discount for non-primary wireless family plan subscribers. (This is estimated to have a dollar impact equivalent to a reduction of 35,021K numbers.)

8 - Source: "Universal Service Monitoring Report" (Table 2.1) released December, 2007

9 - Estimated data variance between NRUF assigned telephone numbers for ILECs and CLECs and expected aggregate monthly count submissions under the Plan.

10 - Consumer/Business allocation at "Subtotal" level is a residual calculated by subtracting residential numbers from total numbers.

Table 3: Estimated Per-Telephone Number Charge

Telephone Numbers ¹	Numbers (w/ family plan)	Numbers (w/o family plan)
ILEC	294,213,000	294,213,000
CLEC	78,825,000	78,825,000
<i>Estimated Data Variance ⁵</i>	(18,651,900)	(18,651,900)
Toll-free	24,487,982	24,487,982
Wireless	260,143,000	260,143,000
Paging	5,854,000	5,854,000
Total Assigned Numbers Base	644,871,082	644,871,082
<i>Proposed Adjustments</i>		
Prepaid Wireless Adjustment ²	(21,305,712)	(21,305,712)
Wireless family plan Adjustment ³	(35,020,971)	
Lifeline Adjustment ⁴	(6,937,516)	(6,937,516)
Total Adjustment to Base	(63,264,199)	(28,243,228)
Net Assessable Telephone Numbers (with family plan adj.)	581,606,883	
Net Assessable Telephone Numbers (w/out family plan adj.)		616,627,854
Universal Service Fund Size (2008) ⁶	\$7,491,090,000	\$7,491,090,000
Per Number Assessment Per Month (with family plan adj.)	\$1.07	
Per Number Assessment Per Month (w/out family plan adj.)		\$1.01

Notes:

1 - Source: Assigned Numbers from "Numbering Resource Utilization in the United States NRUF data as of 12/31/07" (Tables 1 and 20)

2 - This figure represents an estimate of the number-equivalent impact of calculating prepaid wireless contributions on a per-minute of usage basis. (This is estimated to have a dollar impact equivalent to a reduction of 21,306K numbers.)

3 - This figure represents an estimate of the number-equivalent impact of providing a 50% discount for non-primary wireless family plan subscribers. (This is estimated to have a dollar impact equivalent to a reduction of 35,021K numbers.)

4 - 2006 Data, Table 2.1 "Universal Service Monitoring Report" released December, 2007

5 - Estimated data variance between NRUF assigned telephone numbers for ILECs and CLECs and expected aggregate monthly count submissions under the Plan.

6 - USF Contribution Factor Public Notices for 1st, 2nd, 3rd, and 4th Quarters of 2008

Table 4: Estimated Consumer Impact: Revenues vs. Numbers

Customer Type:	Monthly Charges¹	Federal Subscriber Line Charge (SLC)	LD Charges (Intrastate, Interstate, and International)²	Current Assessment @ 11.4%³	Consumer Impact @ \$1.07	Consumer Impact @ \$1.01
Wireline - Zero LD Use	\$15.00	\$6.00	\$0.00	\$0.68	\$0.39	\$0.33
Wireline - Low LD Use	\$15.00	\$6.00	\$5.00	\$0.97	\$0.10	\$0.04
Wireline - Medium LD Use	\$15.00	\$6.00	\$10.00	\$1.25	(\$0.17)	(\$0.24)
Wireline - High LD Use	\$15.00	\$6.00	\$50.00	\$3.53	(\$2.46)	(\$2.52)
Lifeline Subscriber - Low	\$15.00	\$0.00	\$5.00	\$0.29	(\$0.29)	(\$0.29)
Lifeline Subscriber - Medium	\$15.00	\$0.00	\$10.00	\$0.57	(\$0.57)	(\$0.57)
Lifeline Subscriber - High	\$15.00	\$0.00	\$50.00	\$2.85	(\$2.85)	(\$2.85)
VoIP Subscriber (Interconnected) ⁴	\$25.00	\$0.00	\$0.00	\$1.85	(\$0.78)	(\$0.84)
Wireless Subscriber-Low ⁵	\$30.00	\$0.00	\$0.00	\$1.27	(\$0.20)	(\$0.26)
Wireless Subscriber-Medium ⁵	\$50.00	\$0.00	\$0.00	\$2.11	(\$1.04)	(\$1.10)
Wireless Subscriber-High ⁵	\$99.00	\$0.00	\$0.00	\$4.19	(\$3.12)	(\$3.18)

Notes:

1 - Monthly charges for wireline customers represent an estimate of basic local and other miscellaneous charges. For wireline and Lifeline customers, these are state and local charges that are not subject to FUSF contribution under a revenues-based methodology.

2 - This column contains estimated charges of long distance service representative of typical customers of various usage levels. For assessment estimates, 50% of long distance charges were assumed to be interstate.

3 - Federal USF Contribution Factor from 3rd/4th Quarter 2008 FCC Public Notice.

4 - For assessment estimates of VoIP customers, assumed FCC VoIP safe harbor of 64.9%.

5 - For assessment estimates of wireless customers, assumed FCC Wireless safe harbor of 37.1% interstate.

**Federal Communications Commission**

The FCC Acknowledges Receipt of Comments From ...
AT&T and Verizon
...and Thank You for Your Comments

Your Confirmation Number is: '2008923405275 '

Date Received: Sep 23 2008

Docket: 06-122

Number of Files Transmitted: 1

DISCLOSURE

This confirmation verifies that ECFS has received and accepted your filing. However, your filing will be rejected by ECFS if it contains macros, passwords, redlining, read-only formatting, a virus or automated links to source documents that is not included with your filing. Filers are encouraged to retrieve and view their filing within 24 hours of receipt of this confirmation. For any problems contact the Help Desk at 202-418-0193.

[Initiate a Submission](#) | [Search ECFS](#) | [Return to ECFS Home Page](#)

FCC Home Page

Search

Commissioners

Bureaus/Offices

Finding Info

updated 12/11/03

**Federal Communications Commission**

The FCC Acknowledges Receipt of Comments From ...
AT&T and Verizon
...and Thank You for Your Comments

Your Confirmation Number is: '2008923215114 '

Date Received: Sep 23 2008

Docket: 96-45

Number of Files Transmitted: 1

DISCLOSURE

This confirmation verifies that ECFS has received and accepted your filing. However, your filing will be rejected by ECFS if it contains macros, passwords, redlining, read-only formatting, a virus or automated links to source documents that is not included with your filing. Filers are encouraged to retrieve and view their filing within 24 hours of receipt of this confirmation. For any problems contact the Help Desk at 202-418-0193.

[Initiate a Submission](#) | [Search ECFS](#) | [Return to ECFS Home Page](#)

FCC Home Page

Search

Commissioners

Bureaus/Offices

Finding Info

updated 12/11/03